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OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



DARLENE GREEN  
Comptroller

*Internal Audit Section*

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December 1, 2008

Leonard P. Toenjes, President, AGC  
Contractors Assistance Program  
6330 Knox Industrial Dr.  
St. Louis, MO 63139

RE: Fiscal Monitoring Report of the Contractors Assistance Program, Documents  
#06-90-62 and #07-90-62, CFDA #14.218 (Project #2008-CDA13)

Dear Mr. Toenjes:

Enclosed is a report of our fiscal monitoring review of the Contractors Assistance Program (Contract #06-90-62 and #07-90-62) for the period January 1, 2006 through August 31, 2007. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of Contractors Assistance Program. Our fieldwork was completed on November 5, 2007.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the Community Development Administration (CDA) to provide fiscal monitoring to all grant subrecipients.

If you have any questions, please contact the Internal Audit Section at 622-4723.

Sincerely,

A handwritten signature in black ink that reads "Kenneth M. Stone".

Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

Enclosure

cc: Lorna Alexander, Special Assistant for Development, CDA  
Jill Claybour, Acting Executive Director, CDA



# CITY OF ST. LOUIS

***COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)***

***CONTRACTORS ASSISTANCE PROGRAM  
CONTRACT #06-90-62 AND #07-90-62***

***CFDA #14.218***

***FISCAL MONITORING REVIEW***

***JANUARY 1, 2006 THROUGH AUGUST 31, 2007***

***PROJECT #2008-CDA13***

***DATE ISSUED: DECEMBER 1, 2008***

***Prepared by:  
The Internal Audit Section***



## OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
CONTRACTORS ASSISTANCE PROGRAM  
FISCAL MONITORING REVIEW  
JANUARY 1, 2006 THROUGH AUGUST 31, 2007**

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**CITY OF ST. LOUIS  
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
CONTRACTORS ASSISTANCE PROGRAM  
FISCAL MONITORING REVIEW  
JANUARY 1, 2006 THROUGH AUGUST 31, 2007**

**INTRODUCTION**

**Background**

**Contract Name:** Contractors Assistance Program

**CFDA Number:** 14.218

**Contract Numbers:** 06-90-62  
07-90-62

**Contract Periods:** January 1, 2006 through December 31, 2006 (06-90-62)  
January 1, 2007 through December 31, 2007 (07-90-62)

**Contract Amounts:** \$68,000  
\$68,000

These contracts provided Community Development Block Grant (CDBG) funds to the Contractors Assistance Program (Agency) to support the efforts in meeting the business needs of small and growing minority and female-owned construction companies and disadvantaged business enterprises.

**Purpose**

Our purpose was to determine the Agency's compliance with federal (including OMB Circular A-133), state and local Community Development Block Grant (CDBG) requirements for the period January 1, 2006 through August 31, 2007 and make recommendations for improvements.

**Scope and Methodology**

Inquiries were made regarding the Agency's internal controls relating to the grants administered by the Community Development Administration (CDA), tested evidence supporting the reports the Agency submitted to CDA and performed other procedures considered necessary. Fieldwork was completed on November 5, 2007.

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**INTRODUCTION**

**Exit Conference**

We offered the Agency the opportunity for a formal exit conference, but the Agency declined.

**Management's Responses**

On November 20, 2008, we provided the Agency with our observations and recommendations and requested a response by November 26, 2008. However, as of the date of this report, the Agency has not responded.

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**SUMMARY OF OBSERVATIONS**

**Conclusion**

Contractors Assistance Program did not fully comply with federal, state and local CDA requirements.

**Status of Prior Observations**

The Agency's previous fiscal monitoring report dated January 13, 2006 contained the following observations:

1. There is material weakness in the administrative internal control over compliance. **(Resolved.)**
2. Program income was not reported and remitted as required by CDA. **(Repeated. See Observation #1.)**
3. Monthly financial reports were not submitted in a timely manner. **(Repeated. See Observation #2.)**

**A-133 Status**

According to a letter written by the Associated General Contractors of St. Louis' administrative personnel dated February 28 2008, the Contractors Assistance Program is not required to have an A-133 audit report because expenditures in federal funds for calendar year ending December 31, 2007 were below \$500,000.

**Summary of Current Observations**

Recommendations were made for the following observations, which if implemented, could assist the Contractors Assistance Program in complying with federal, state and local CDBG requirements:

1. Program income was not reported and remitted as required by CDA.
2. Monthly financial reports were not submitted in a timely manner.
3. Checks were not signed by two duly authorized officers.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS,  
AND MANAGEMENT'S RESPONSES**

**1. The Agency did not Follow CDA Policies in Regards to Payment and Reporting of Program Income**

Section 6.1 of CDA's Operating Agency Fiscal Procedures Manual states, "Program Income should be deposited in the Operating Agency checking account and an agency check issued to the Comptroller, City of St. Louis. Unless otherwise authorized, the check should be sent on a monthly basis or when income reaches \$500 within the monthly period. Also, CDA regulations require the Agency to report all program income on the monthly financial reports. We reviewed the program income for the entire 2006 contract and found that the Agency collected a total of \$4,149. The Agency remitted all of the income to CDA with the exception of the income collected in July and December. The amounts collected for these two months were \$182 and \$300 respectively, totaling \$482.

The income was reported on the monthly financial reports; however, the total reported as of December 31, 2006 was only \$3,217. This is a difference of \$932 from the total of \$4,149 collected, which was not reported to CDA. There was no program income reported on the 2007 monthly financial reports. Not reporting and remitting program income can result in erroneous financial reporting and increases the risk for potential loss of federal funds.

**Recommendation**

We recommend the Agency comply with CDA regulations and remit program income to CDA monthly, or when it reaches \$500, and that the Agency document this program income on the monthly financial reports. We also recommend the Agency remit the \$482 of income collected in 2006 which was not previously remitted to CDA. The Agency should submit a check to the Comptroller's Office /Federal Grants Section, 1114 Market St. Room #608, St. Louis, MO 63101. Include your account and center number in the memo section.

**Management's Response**

*On November 20, 2008, we provided the Agency with our observations and recommendations and requested a response by November 26, 2008. However, as of the date of this report, the Agency has not responded.*

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**DETAILED OBSERVATIONS, RECOMMENDATIONS,  
AND MANAGEMENT'S RESPONSES**

**2. Monthly Financial Reports were not Submitted in a Timely Manner**

CDA regulations require the Agency to submit its monthly financial reports by the 10<sup>th</sup> day of the month following the report period end. The Agency only submitted six out of twelve reports for contract #06-90-62. All six of these reports were submitted late by an average of 64 days. The Agency submitted six out of eight reports for contract #07-90-62. All six of these reports were submitted late by an average of 112 days. Late submission of monthly reports may cause a delay or suspension in the processing of reimbursement requests.

**Recommendation**

We recommend the Agency comply with CDA regulations and submit its monthly financial reports by the 10<sup>th</sup> day of the month following the report period end.

**Management's Response**

*On November 20, 2008, we provided the Agency with our observations and recommendations and requested a response by November 26, 2008. However, as of the date of this report, the Agency has not responded.*

**3. Checks were not Signed by Two Duly Authorized Officers**

According to Section 2.2, Internal Control requirements of the CDA Operating Agency Fiscal Procedures Manual state that two dually authorized individuals must sign all checks. A sample of three checks was reviewed, and only one signature of an authorized officer was present. As a result of the lack of internal controls, there is a higher potential for misappropriation of funds.

**Recommendation**

It is recommended that the Agency have two dually authorized signatures on all checks.



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**DETAILED OBSERVATIONS, RECOMMENDATIONS,  
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**3. Continued ...**

**Management's Response**

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